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June 6, 2007

Linda Jacobson (3 Copies)
RCRA Project Manager
US EPA Region VIII
8ENF-T
1595 Wynkoop Street
Denver, Colorado 80202-1129

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**CONSENT DECREE
CIVIL ACTION NO. CV 98-3-H-CCL
EAST HELENA SITE
WORK PERFORMED IN MAY 2007
PROGRESS REPORT #101**

Dear Ms. Jacobson:

On May 5, 1998, Asarco and the United States Environmental Protection Agency (EPA) entered into a Consent Decree (Decree) to further the objectives of the Resource Conservation and Recovery Act (RCRA) and the Clean Water Act (CWA). Section XI of the Decree (Reporting: Corrective Action) requires Asarco to submit certified monthly progress reports to EPA which discuss the actions taken by Asarco in achieving compliance with the Decree. The reports are to be submitted to EPA no later than the twentieth (20th) day of the following month. The following describes only those activities that have occurred or are related to projects performed during May 2007. The historical actions taken by Asarco in achieving compliance with the Decree are contained in previous monthly progress reports.

a. Describe the actions, progress, and status of projects which have been undertaken pursuant to Part VII of the Decree;

On May 8 2007, the EPA RCRA project manager met with the Asarco East Helena Plant Manager to review specific areas of the East Helena facility, with particular emphasis on the blast furnace flue and Monier flue systems.

On May 9, 2007, Asarco participated in a City of East Helena Council meeting to review the status of RCRA Consent Decree projects. The topics discussed included the 1) on-going groundwater monitoring program, 2) completed and scheduled groundwater source and migration control measures, 3) CAMU Phase 2 Cell design and construction schedule, and 4) 2007 cleaning and demolition work.

On May 11, 2007, EPA and Lewis and Clark County Health Department representatives toured the East Helena facility. Later that same afternoon and evening, the RCRA project manager met with the Asarco East Helena Environmental Manager to review the 1) waste characterization of material that is scheduled for placement in the CAMU Phase 2 Cell, 2) East Helena facility's Spill Prevention Control and Countermeasures Plan, CERCLA Emergency Response Procedures, and RCRA Contingency Plan, 3) inspections of the hazardous waste storage receptacles and buildings, 4) CAMU Phase 2 Cell financial assurance, 5) 2006 Cleaning and Demolition Work Plan (March 14, 2006 and July 14, 2006), 6) characterization of soils following the cleaning and demolition of structures under the 2007 cleaning and demolition work plan, 7) well abandonment procedures, and 8) MPDES discharge monitoring reports for March and April 2007. During the inspection, Asarco provided EPA with engineering drawings of the East Helena Plant blast furnace flue, Monier flue, Wilson irrigation ditch, and four compact discs of the Design Analysis Report, CAMU Phase 2 Cell (May 2007). On May 14, 2007, Asarco submitted to EPA the waste profile sheet for the Asarco East Helena Plant high cadmium baghouse dust.

On May 16, 2007, Asarco provided EPA with an electronic copy of URS/CWC draft Health and Safety Plan for the 2007 Cleaning and Demolition Project and CAMU Phase 2 Project.

On May 31, 2007, Asarco submitted to EPA (by electronic mail) the requested plume maps for arsenic and selenium for the March 2007 sampling event. These plume maps were submitted to EPA to assist in their technical presentation to the Lewis and Clark County Health Department. A set of the plume maps is attached to this monthly progress report.

During the period of May 1 through May 10, 2007, data was collected autonomously from the PRB pilot scale barrier wall at the East Helena Site. A hardware problem interrupted data collection after that period of time. A MPT technician is scheduled to be on-site during the first full week of June 2007 to replace the faulty hardware. Idaho National Laboratory (INL) continues to work on creating the data interface and importing all collected data. In the meantime INL is manually manipulating the data. Earlier in the month, INL technicians performed seasonal maintenance on the equipment and trailer at the site.

Interim Measures Work For 2007

The 2007 Interim Measures Work Plan Addendum Former Acid Plant Sediment Drying Area Slurry Wall, Monitoring, Operations, and Maintenance Work Plan prescribes certain actions for evaluating the performance of the acid plant slurry wall. Groundwater samples were collected from wells DH-45 and DH-46 prior to abandonment. Two new groundwater monitoring wells down gradient of the former acid plant slurry wall and one CAMU monitoring well were installed. Nine groundwater monitoring wells were abandoned. Water level measurements and water quality sampling of select monitoring wells that were abandoned took

place. In June 2007, slug tests of the two new groundwater monitoring wells will take place.

On March 29, 2007, EPA requested that Asarco prepare a separate Interim Measures Work Plan for the blast furnace flue and Monier Flue. EPA required that Asarco submit the Work Plan no later than June 4, 2007. On May 30, 2007, Asarco submitted the 2007 Interim Measures Work Plan, Blast Furnace Flue and Monier Flue Cleaning, Demolition, and Soil Sampling Work Plan. The elements of the work plan included 1) removal of structures and flue dust, 2) collection of pre-demolition samples, 3) characterization of soils, 4) proposal of soil criteria for contaminant excavation depth and confirmatory sampling, 5) spill prevention and containment measures for the demolition of the flue, 6) and any special handling or waste management procedures required for the flue dust. Although the 2007 Cleaning and Demolition Project (original submitted to the Montana Department of Environmental Quality on May 18, 2007, with a copy to EPA) references the cleaning and demolition of the blast furnace flue and Monier flue, this Work Plan will govern all future actions within these two areas.

On June 1, 2007, Asarco submitted a draft environmental control easement relating to the Lamping property in East Helena. The easement is designed to extend to this property the terms of existing groundwater use control ordinances applicable to areas within the East Helena city limits. A copy of the draft easement is attached to this monthly progress report.

In the March 2007 monthly progress report, Asarco submitted the bench-scale permeable reactive barrier (PRB) media testing scope of services for application to the East Helena Plant. On May 22, 2007, Asarco received EPA's May 16, 2007 comments to the media testing program. Asarco has prepared responses to these comments, along with a status update on the media testing program, which have been attached to this monthly progress report. Asarco awaits EPA's formal approval of the program.

Corrective Action Management Unit (CAMU)

On May 4, 2007, Asarco submitted to EPA the Design Analysis Report, CAMU Phase 2 Cell (May 2007) incorporating revised appendices that fulfills Asarco obligation for providing a comprehensive package. On June 1, 2007, Asarco received EPA's May 28, 2007 initial comments on the Design Analysis Report. On June 4, 2007, Asarco received (by electronic mail) EPA's additional comments on the Design Analysis Report. Asarco is preparing responses to both sets of comments.

On May 28, 2007, Asarco submitted to EPA (by electronic mail) the construction cost schedule and post-closure operation and maintenance cost estimate for the CAMU Phase 2 cell. On May 27, 2007, EPA submitted to Asarco (by electronic mail) four comments related to the cost schedule and cost estimates. Asarco is working with our contractor to respond to EPA's comments, including

development of a final cap cost figure.

RI/FS Long-Term Monitoring Program

During May 2007, Asarco initiated the semi-annual sampling of the designated monitoring wells and surface water sites and the annual sampling of residential groundwater wells as prescribed in Asarco's on-going Post Remedial Investigation (RI)/Feasibility Study (FS), Long Term Monitoring Program (April 2007). All of the groundwater monitoring wells were sampled in May 2007 with the exception of the APSD-2 and the CAMU monitoring wells. The typical spring rains prevented sampling at these locations. These monitoring well locations will be sampled in early June 2007. The sampling of the surface water sites was scheduled to occur the last week of May 2007 but abnormally high spring runoff in Prickly Pear Creek created safety hazards and prevented this sampling. The sampling of the six Prickly Pear Creek surface water sites will take place the first week of June 2007.

On May 17, 22, and 24, 2007, the annual sampling of the residential groundwater wells took place. Thirty groundwater wells were sampled, including ten groundwater wells that had not previously been sampled under Asarco's on-going Post Remedial Investigation (RI)/Feasibility Study (FS), Long Term Monitoring Program (April 2007). As part of the May 2007 RI/FS Long-Term Monitoring Program, local residents within the East Helena area and the Lewis and Clark County Health Department requested sampling of over forty additional residential and public water supply system groundwater wells. A table containing a listing of the well locations, current well status, and owner identification has been attached to this monthly progress report.

At the request of EPA, Asarco has collected split samples from seventeen groundwater monitoring sites, one surface water site, and three residential ground water well sites. These split samples were shipped to the EPA laboratory for arrival by June 7, 2007.

The Updated Monitoring Program (April 2007) describes the selenium investigations and supplemental trace metal groundwater sampling events that has occurred this spring. On April 18, 2007, Asarco submitted responses to EPA's April 4, 2007 comments to the Energy Laboratories selenium speciation study. In response to EPA's April 4, 2007 comment letter and Asarco's April 18, 2007 corresponding responses, Asarco submitted on May 9, 2007 the supplemental Standard Operating Procedures, Selenium Speciation in Water by Continuous Hydride Generation (SM 3114C) that has been prepared by Energy Laboratories, Inc. On May 3, 2007, the SOP was electronically transmitted by Energy Laboratories, Inc. to EPA. On May 15, 2007, Asarco received from EPA (by electronic mail) additional comments to the SOP for selenium speciation. Asarco (through Energy Laboratory, Inc.) responded to EPA's comments by electronic mail on May 16, 2007. On May 21, 2007, EPA replied to the May 16, 2007 responses with a set of clarifications. On May 25, 2007, Asarco (through Energy

Laboratory) responded to EPA's clarification by electronic mail. On June 4, 2007, EPA provided several more additions to selenium speciation SOP. On June 6, 2007, Energy Laboratories, Inc. submitted by electronic mail the revised selenium speciation SOP. A copy of the June 6, 2007 selenium speciation SOP is attached to this monthly progress report.

A summary of the correspondence transmitted as part of the East Helena Consent Decree in May 2007 is included in Attachment 1.

b. Identify any requirements under the Part VII of the Decree that were not completed in a timely manner, and problems or anticipated problem areas affecting compliance with the Decree;

All of the groundwater monitoring wells were sampled in May 2007 with the exception of the APSD-2 and the CAMU monitoring wells. The typical spring rains prevented sampling of these locations. These monitoring well locations will be sampled in early June 2007. The sampling of the surface water sites was scheduled to occur the last week of May 2007 but abnormally high spring runoff in Prickly Pear Creek created safety hazards and prevented this sampling. The sampling of the six Prickly Pear Creek surface water sites will take place the first week of June 2007. There were no other requirements that were not completed in a timely manner nor were there problems or anticipated problem areas that affect compliance with the Decree.

c. Describe projects completed during the prior month, as well as activities scheduled for the next month;

In accordance with the 1) 2006 Interim Measures Work Plan Addendum, Final Cleaning, Soil Sampling, Backfilling, and Interim Cap Work Plan and 2) 2006 Interim Measures Work Plan Addendum, Former Acid Plant Sediment Drying Area Slurry Wall, Monitoring, Operation, and Maintenance Work Plan, four areas in which interim caps have been installed are being inspected on a monthly basis with the most recent inspections occurring on May 1, 2007. These monthly inspections documented the condition of the interim caps.

CAMU Landfill - The construction of the CAMU Phase 1 Cell landfill is complete. The Final Construction Report for the CAMU Phase 1 Cell was hand-delivered to EPA on January 23, 2002. In accordance with the July 2000 CAMU Design Analysis Report (Operation and Maintenance Plan), the CAMU is being inspected monthly with the last inspection occurring on May 28, 2007. This monthly inspection documented the condition of the CAMU.

During June 2007, Asarco is scheduled to continue the monthly sampling prescribed in the Updated Monitoring Program - April 2007. Under this program, the Nordstrom and Jones' irrigation groundwater wells and the Foley and Jensen residential groundwater drinking water wells are scheduled to be sampled.

During June 2007, Asarco is scheduled to 1) conduct the remaining field work prescribed within the Post Remedial Investigation (RI)/Feasibility Study (FS), Long Term Monitoring Program (April 2007), 2) complete the slug testing of new groundwater monitoring wells down gradient of the former acid plant sediment drying area, 3) update the financial assurance mechanism for the CAMU Phase 2 Cell, and 4) respond to the EPA comments on all related RCRA Consent Decree projects.

d. Describe and estimate the percentage of studies completed;

The Pump and Treat Pilot Scale Testing for Source Area Reduction of Groundwater Contamination is approximately 100% complete.

The slurry wall construction in the former acid plant sediment drying area is 100% complete.

The interim capping project for the former acid plant sediment drying area, dross area, sinter plant area, and gas cleaning section of the acid plant is 100% complete

The slurry wall design plan (April 2007) for the former speiss-dross plant area is 100% complete.

The preliminary draft of the CAMU Phase 2 Cell design analyses (May 2007) is 100% complete. Asarco is assembling responses to EPA's May 28, 2007 and June 2, 2007 CAMU Phase 2 Cell comments.

e. Describe and summarize all findings to date;

The details of past findings through April 2007 are described and summarized in previous monthly progress reports.

f. Describe actions being taken to address problems;

There were no actions required to address problems associated with the Decree.

g. Identify changes in key personnel during the period;

Asarco continues to use the services of Asarco technical personnel and Hydrometrics Incorporated to perform the various activities required under the Consent Decree.

h. Include copies of the results of sampling and tests conducted and other data generated pursuant to work performed under Part VII of the Decree since the last Progress Report. Asarco may submit data that has been validated and confirmed by Asarco to supplement any prior submitted data. Updated

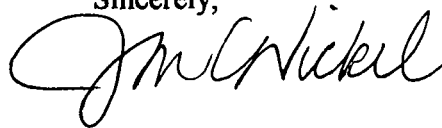
validated and confirmed data shall be included with the RFI Report, if not delivered before;

One validation package, entitled "*Validation Summary, Asarco East Helena Interim Measures, Bi-Monthly Sampling Event, Groundwater and CAMU Wells, Inorganic Analyses, March/April 2007*" is attached to this monthly progress report.

- i. Describe the status of financial assurance mechanisms, including whether any changes have occurred, or are expected to occur which might affect them, and the status of efforts to bring such mechanisms back into compliance with the requirements of this Decree.**

ASARCO filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Bankruptcy Code in the Southern District of Texas on August 9, 2005. ASARCO hopes to use its chapter 11 bankruptcy proceeding to improve its financial position to the point where it can successfully reorganize and immerge from bankruptcy. ASARCO further hopes that at that time it will be in a position to make the required financial assurance demonstration. See section a. of this monthly progress report for a discussion of the financial assurance for the CAMU project at the East Helena site.

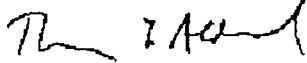
Sincerely,

A handwritten signature in black ink, appearing to read "Jon Nickel", with a stylized, cursive script.

Jon Nickel

CERTIFICATION
PURSUANT TO U.S. v ASARCO INCORPORATED
(CV-98-3-H-CCL, USDC, D. Montana)

I certify under penalty of law that this document, May 2007 Progress Report and all attachments, were prepared under my direct supervision in accordance with a system designed to assure that qualified personnel gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine or imprisonment for knowing violations.

Signature 
Name: Thomas L. Aldrich
Title: Vice President Environmental Affairs
Date: June 7, 2007

CONSENT DECREE
EAST HELENA SITE
MAY 2007 PROGRESS REPORT

SUMMARY OF CORRESPONDENCE
ATTACHMENT 1

DATE OF TRANSMITTAL	CORRESPONDENCE SENT FROM	CORRESPONDENCE SENT TO	SUBJECT	RESPONSE
Attached to This Monthly Progress Report	Jon Nickel	Linda Jacobson	Plume Maps for the March 2007 Sampling Event	No Formal Response Required
Attached to This Monthly Progress Report	Jon Nickel	Linda Jacobson	Draft Environmental Control Easement	Awaiting EPA Approval
Attached to This Monthly Progress Report	Jon Nickel	Linda Jacobson	Bench-Scale PRB Media Testing - Response to EPA Comments, Status Update, and Revised Schedule	Awaiting EPA Approval
Attached to This Monthly Progress Report	Jon Nickel	Linda Jacobson	Listing of Well Locations	No Formal Response Required
Attached to This Monthly Progress Report	Jon Nickel	Linda Jacobson	SOP for Selenium Speciation - June 6, 2007	Awaiting EPA Approval
Attached to This Monthly Progress Report	Jon Nickel	Linda Jacobson	Validation Summary, Asarco East Helena Interim Measures, Bi-Monthly Sampling Event, Groundwater and CAMU Wells, Inorganic Analyses, March/April 2007	No Formal Response Required